

Message Text

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ORIGIN EB-11

INFO OCT-01 AF-10 ARA-16 EUR-25 NEA-10 ADP-00 INT-08

SCEM-02 AID-20 CIAE-00 COME-00 FRB-02 INR-10 NSAE-00

RSC-01 TRSE-00 XMB-07 OPIC-12 CIEP-02 LAB-06 SIL-01

OMB-01 NSC-10 SS-15 STR-08 CEA-02 L-03 H-03 PM-07

DODE-00 PA-03 USIA-15 PRS-01 /212 R

DRAFTED BY EB/ORF/FSEGSBROWN:JB

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APPROVED BY EB/ORF/FSEGMBENNSKY

AF/N: MR. BLAKE

EUR/RPE: MR. TARRANT

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P R 021514Z AUG 73

FM SECSTATE WASHDC

TO AMEMBASSY TRIPOLI PRIORITY

AMEMBASSY LONDON

INFO AMEMBASSY PARIS

AMEMBASSY BONN

AMEMBASSY THE HAGUE

AMEMBASSY ROME

AMEMBASSY ATHENS

AMEMBASSY BRASILIA

AMEMBASSY BEIRUT

USINT CAIRO

USINT ALGIERS

C O N F I D E N T I A L STATE 151900

E.O. 11652 GDS

TAGS: ENRG

SUBJECT: PETROLEUM: NEW LIBYAN DEADLINE

1. WE HAVE BEEN INFORMED BY OIL COMPANIES HERE THAT OASIS
AND OCCIDENTAL NEGOTIATORS UNEXPECTEDLY REQUESTED BY LARG
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TO RETURN FOR MEETINGS AUG 1 WITH P.M. JALUD. JALUD

INFORMED NEGOTIATORS THAT PREVIOUS NEGOTIATIONS AND COMPANY PROPOSALS UNSATISFACTORY, AND THAT LARG NOT TO BE DEFLECTED FROM ITS DEMANDS OF 51 PARTICIPATION, COMPENSATION AT NET BOOK VALUE, AND BUY-BACK OF OIL AT MARKET PRICE (WHICH, ACCORDING TO JALUD, WOULD BE \$6 PER BARREL).

2. JALUD TOLD COMPANY NEGOTIATORS THAT THEY HAD UNTIL AUGUST 15 TO ACCEPT LARG DEMANDS; IF NOT, LARG WAS STUDYING WHETHER TO TAKE 51 OWNERSHIP BY LEGISLATIVE MEANS, OR TO NATIONALIZE COMPLETELY. COMPANIES APPEAR TO BELIEVE THAT THIS TIME LARG NOT BLUFFING AND DEADLINE MUST BE TAKEN SERIOUSLY. SPECIAL LIBYAN GROUP WILL BE MEETING IN LONDON OVER NEXT DAYS TO DETERMINE GROUP'S REACTION.

3. OASIS NEGOTIATORS ALSO TOLD BY JALUD THAT THEIR PRODUCTION ALLOWABLE WOULD BE LOWERED TO 267 THOUSAND BARRELS PER DAY (FROM PRESENT 800 PLUS). ON BASIS LIBYAN HINTS, OASIS TEAM HAS WRITTEN LETTER TO OIL MINISTRY SAYING THEY WILL "SERIOUSLY CONSIDER" LARG DEMAND AND ARE PREPARED TO NEGOTIATE; THEY HOPE THAT THIS WILL ENABLE LARG TO DELAY IMPOSITION OF REDUCED ALLOWABLES ALTHOUGH SITUATION REMAINS UNCLEAR.

4. WE BELIEVE THAT SITUATION FINALLY MOVING TO HEAD AND THAT LARG MAY INDEED BE PREPARED TO LEGISLATE AGAINST COMPANIES, PARTICULARLY IN VIEW OF APPARENT LARG CONFIDENCE THAT IT CAN SELL NATIONALIZED OIL. WE CONSIDERING WHAT STEPS USG CAN TAKE AND MAY WANT TO CONSULT BILATERALLY WITH OTHER CONSUMER GOVERNMENTS IN NEAR FUTURE.

5. FOR LONDON: PLEASE STAY CLOSE TO LONDON GROUP AND KEEP US INFORMED OF COMPANY THINKING. ROGERS

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